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Message Text

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11
ACTION NEA-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 L-03 H-02

CIAE-00 INR-07 NSAE-00 DODE-00 EB-07 COME-00 TRSE-00

OMB-01 OPIC-03 XMB-02 FRB-03 AID-05 IO-10 AGR-05

OES-03 /088 W
---------- 059982
R 300455Z OCT 75
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 8510

C O N F I D E N T I A L DACCA 5246

EO 11652: GDS
TAGS: EAID, ECON, EINV, SPOP, BG,US
SUBJ: DISCUSSION OF BILATERAL ISSUES WITH PRESIDENT MOSHTAQUE AHMED

1. DURING DEPUTY ASSISTANT SECRETARY DUBS' AND MY MEETING WITH PRESIDENT MOSHTAQUE AHMED YESTERDAY, PART OF WHICH IS REPORTED IN SEPTEL, I RAISED THE FOLLOWING BILATERAL MATTERS.

2. COMPENSATION FOR NATIONALIZED INDUSTRIES. I REMINDED THE PRESIDENT OF OUR PREVIOUS CONVERSATIONS ON THIS SUBJECT AND TOLD HIM THAT WE REMAINED CONCERNED ABOUT NEED FOR BANGLADESH GOVERNMENT TO ACT TO COMPENSATE THE AMERICAN COMPANIES WHOSE ASSETS HAD BEEN NATIONALIZED. I NOTED THAT THIS WAS AN ESSENTIAL PREREQUISITE FOR ESTABLISHING THE KIND OF CLIMATE THAT WOULD ATTRACT AMERICAN BUSINESS AND INVESTMENT TO BANGLADESH, AND I ALSO REMINDED HIM OF THE LAW ON OUR BOOKS ABOUT SUSPENDING AID TO COUNTRIES WHICH HAD NOT PROVIDED SUCH COMPENSATION WITHIN A REASONABLE LENGTH OF TIME. I SAID I UNDERSTOOD THAT BDG ACTION MIGHT BE IMMINENT IN THIS RESPECT AND HOPED THIS WOULD BE THE CASE. THE PRESIDENT SAID THAT THEIR POLICY FOR DEALING WITH THIS PROBLEM WAS ALMOST IN FINAL SHAPE AND THAT THE ONLY PROBLEM REMAINING CONCERNING THE HANDLING OF PAKISTANI CLAIMANTS. HE SAID HE THOUGHT ACTION WOULD
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BE COMPLETED VERY SOON.

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3. REDUCTION ON FOODGRAIN RATION SUBSIDIES. I TOLD THE
PRESIDENT THAT I HAD SPOKEN SEVERAL TIMES WITH LEADERS OF
THE BANGLADESH GOVERNMENT TO ASSOCIATE OURSELVES WITH THE
ECONOMIC REFORM MEASURES RECOMMENDED BY THE IMF, A GOOD
PORTION OF WHICH HAD ALREADY BEEN CARRIED OUT AND, WE
THOUGHT, SUCCESSFULLY. I SAID I WANTED TO ASSOCIATE
OURSELVES AGAIN WITH THE DESIREABILITY OF TAKING ACTION
TO REDUCE THE FOODGRAIN RATION SUBSIDIES AND THAT HERE
AGAIN I UNDERSTOOD POSITIVE STEPS WERE IN THE OFFING.
HE SAID THAT HE WOULD TAKE THIS STEP BY DECEMBER 15,
GOING ON TO EXPLAIN THAT IT WAS INTENDED TO REDUCE THE
SUBSIDY BY THIRTY PERCENT. HE SAID WE SHOULD UNDERSTAND
AT THE SAME TIME THE PROBLEMS THAT WOULD BE CREATED FOR
HIM WITH PEOPLE ON FIXED INCOMES, SUCH AS THE GOVERNMENT
SERVANTS IN DACCA, WHO REPRESENTED A VERY VOCAL GROUP IN
THE COUNTRY, BUT HE THOUGHT THAT THE PROBLEM WAS MANAGEABLE.
(AT ANOTHER POINT IN OUR CONVERSATION, THE PRESIDENT
EXPLAINED THAT THEIR SUCCESS IN BRINGING ABOUT A
SUBSTANTIAL REDUCTION IN THE PRICE OF RICE WAS DUE TO
A FAIR DEGREE OF SUCCESS IN STOPPING SMUGGLING, THE FACT
THAT HOARDERS WERE NOT HOARDING AS THEY HAD IN THE PAST,
AND THE FACT THAT THE PROSPECT OF AN EXCELLENT HARVEST ALSO
TENDED TO DEPRESS THE PRICE.)

4. INERTIA IN FAMILY PLANNING PROGRAM. I TOLD THE
PRESIDENT THAT, WHILE WE ALL APPRECIATED THE GOVERNMENT'S
PREOCCUPATION WITH ALL THE MANY IMMEDIATE PROBLEMS FACING
THEM AFTER ASSUMING POWER, I WOULD BE FRANK TO SAY THAT
OUR PEOPLE WORKING IN THE FIELD OF POLULATION CONTROL WERE
QUITE DEPRESSED ABOUT THE APPARENT LACK OF ENERGY, DIRECTION
AND LEADERSHIP IN THIS AREA. I NOTED THAT LESS WAS BEING
SAID PUBLICLY ABOUT FAMILY PLANNING BY GOVERNMENT OFFICIALS,
THAT THE NATIONAL POPULATION COUNCIL HAD NOT MET SINCE THE
NEW GOVERNMENT HAD TAKEN POWER, AND THAT THERE APPEARED
TO BE SERIOUS PERSONNEL AND ADMINSTRATIVE PROBLEMS TO
BE WORKED OUT. IF THE PRESIDENT WERE ABLE TO SEND A STRONG
SIGNAL TO THE PEOPLE WORKING ON POPULATION MATTERS,
BANGLADESH'S FRIENDS WHO WERE TRYING TO HELP IN THIS AREA
WOULD BE GRATEFUL. THE PRESIDENT SAID THAT HE NEEDED A
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LITTLE MORE TIME, A MONTH OR SO, TO COME TO GRIPS WITH
THIS PART OF HIS DOMESTIC PROGRAM. QUITE FRANKLY, HE SAID,
THE EFFORTS OF THE PAST GOVERNMENT HAD NOT BEEN SUCCESSFUL.
A LOT OF MONEY HAD BEEN SPENT BUT THERE WAS NOTHING TO
SHOW FOR IT. THEY HAD BEEN DIRECTING THEIR WORK TOWARD
THE EDUCATED SECTOR OF THE POPULATION WHO DID NOT NEED
TO BE PERSUADED ABOUT FAMILY PLANNING, BUT NOT REACHING
THE NINETY PERCENT OF THE PEOPLE WHO DID NEED TO BE

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PERSUADED. HE SAID HE THOUGHT THE BEST APPROACH WOULD BE THROUGH A "TASK FORCE" APPROACH, WHICH COULD BE ORGAINIZED ON A SECTOR-BY-SECTOR BASIS. WHEN I ASKED HIM TO CLARIFY THE COMMENT WHICH LED US TO THINK HE WAS TALKING ABOUT COMPULSORY STERILIZATION, HE SAID THAT THIS WAS ONE IDEA WHICH WOULD NEED TO BE CONSIDERED IN SOME AREAS, THE SYLHET AREA FOR EXAMPLE. HE SAID IT MIGHT BE THAT WHEN A FAMILY HAD THREE CHILDREN THEY WOULD SIMPLY HAVE TO FIND A WAY TO ENSURE THAT THAT FAMILY HAD NO MORE CHILDREN.

5. LOAN PROPOSALS. I TOLD THE PRESIDENT THAT OUR AID MISSION WAS TRYING TO COMPLETE ITS LOAN PROPOSALS FOR THE COMING YEAR IN BANGLADESH AND NEEDED TO HAVE THESE PROPOSALS IN WASHINTON BY MID-NOVEMBER, INCLUDING AN IMPORTANT $26 MILLION AGRICULTURAL IMPUTS LOAN. IT LOOKED AS THOUGH WE MIGHT HAVE TROUBLE MEETING OUR DEADLINES AND I THOUGHT THIS LOAN WAS IMPORTANT ENOUGH FOR THE PRESIDENT PERSONALLY TO KNOW ABOUT THE NEED FOR URGENT ACTION BY HIS EXPERTS. THE PRESDIENT SAID HE WOULD TAKE NOTE OF THIS MATTER.
BOSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMPENSATION, NATIONALIZATION, FAMILY PLANNING, DIPLOMATIC DISCUSSIONS, RATIONING, GRAINS, AGRICULTURAL PRICE SUPPORTS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975DACCA05246
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750376-0320
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975107/aaaaaflq.tel
Line Count: 136
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 04 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 AUG 2003 by izenbei0>; APPROVED <24 NOV 2003 by KelleyW0>
Review Markings:

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US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DISCUSSION OF BILATERAL ISSUES WITH PRESIDENT MOSHTAQUE AHMED
TAGS: EAID, ECON, EINV, SPOP, BG, US, (AHMED, MOSHTAQUE), (DUBS)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006